SE - 2 8 1363

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the internal Revenue Code.

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Your rimmonal support derives from members dues, fundralsing activities and last the and bingo, and newsletter advertising.

Your purposes the effy sixted are to aducate the community in the creative and performing a to and to encourage support for and participation in community service and charitable organizations and also to assist the derly and handleapped in becoming involved in the creative and performing arts.

members who participate in a row variety of activities each month. These contribution include attendance at cultural performances, trips to sporting events and horse races, benout dinners with sports ream members, travel excursions to has Vegos, the worthboan and other areas, and occurionally a bingo party, raffle or sessonal party. Some members voluntree some of their time for elevical duties at non-profit organizations selected by the Board of Directors.

Your prime activity is to secure group discounts to the various events and executions. For that purpose you have hired an Executive Director and an extra consecution are not considered the various activities.

At the provides exemption for:

" of the control of the second operated exclusively for religious, charitable, ... or control purposes, ... no part of the net estimates of which have been benefit of any private shareholder or individual..."

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Section 1.501(c)(")-1(b)(1)(1) of the Income Tax Regulations provides that an organization is organized exclusively for one or more exempt purposes only if its Articles of Organization -

- "(A) Limit the purposes of such organization to or more excapt purposes; and
- (B) Do not expressly expower the organisation to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes."

Section 1.50: (c)(c)=1(c)(1) of the income Tax Regulations provides that:

"An organization will be regarded as 'operated exclusively' for one dismore tempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)..."

Section 1.501(e)(5)~1(d)(!)(!) of the income lax Regulations provides that all the organizations there described must serve a public rather then a public interest.

Section .. belief ()) -1 of the regulations provides, in part, as follows:

- "(a)(i)in order to be exempt as an organization described in section 501(c)(b), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt."
- '(c)(1) because activities. An eigenisetion will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes appealised in section 501(c)(3). An organization of the section if not be accomplished if more than an insubstantial part of its problem and the purpose."
- The term "" "Leadinn", as used in section
 - the purpose of improving or developing his espabilities; or
 - individue teom of the public on subjects unoful to the individue teach beneficial to the community.

in the court case BALTIMORN REGIONAL JOINT BEARD BRALTS AND WELFARN FUND, AFALGARATED CLOTHING AND TEXTILE WORKERS UNION VS. COPMISSIONER, 69 Tax Court 554 (1978), it was held that a union operating day card centers for its urion mimbership did not meet the requirements of 501(c)(.) because it was no. operated exclusively for charitable purposes.

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In the contest of the instant case, the most important requirement of section 501(c)(3) is that a qualifying organization must be operated exclusively for one or more charitable purposes. If the organization fails to meet the "operational test," it is not assupe. Sec. 1.501(c)(3)-1(.)('), income lax Regn. To ment the operational test, the organization must be engaged in activities furthering "public" purposes rather then private injeteurs. It is also necessary for such an organization to watablish that it is neither organised nor operated for the binefit of private interests such as designated individuals, the greater or his family, shareholders of the organization, or persons controlled directly or indirectly by such private interests. Sec. 1.501(c)(3)-1(d)(1), income Tax Regr. pplication of the operational test is entwined with a propertylion on private inutewent. Section 1.501(c)(3)-1(e)(2), theome In Regar, provides that an organization is not operated exclusively for all turony purposes it its carnings inurs to the buncfit of private indivicuals.

even it petitioner's child day care centers were made equally svailable to all mexics of the community, as would be required of a section 501(c)(2) expendences, petitioner would still not qualify for recognition of exemption under that section because its other activities show a private purpose, i.e., that of providing direct benefits to the organization's sections.

of the least case better Business durage of Washington, D.C. v. Unites, and o.e. 279, 263(1945), the Supreme Court held that a Better ostices bureen is not exclusively educational or charitable. Its activities were almed in part at promoting the prosperity and standing of business of the community. In construing the meaning of the phrase "exclusively for educational purposes", in this court case, the Supreme court of a circle states said, "This plainly means that the presence of the court case, its presence of the court case, will destroy the court case, and court case, and destroy care case of the court case, will destroy and construint or experience of truly educational

you are dedicated to educating the community of the community produced to educating the community of the community and the creative and the community of the community of the computation in local newspapers and in your the local programs. In addition, there community the provide any cultural programs. Nowever you do not members to various events.

Your Articles of Incorporation say that you will support institutions which present the performing arts but sgain your support consists mainly of artendance through discount-priced tickets. Your support of artists seems to be the purchase of barquet tickets for events where popular sports consists the alderly, the handicapped or the underprivileged in the arts consists of transporting a few individuals to events.

Your By-Laws Article It list the following as objectives of the organization.

- 1. Primary purposes is to support non-partison civic; c. rel; sports; other community activities and projects; and g.oup travel.
- to incourage attendance by creating interesting avents at attractive rates.
- .. To feater new friendships and provide an opportunity for members to attend setivities in a compatible manner which requires neither escart nor date.
- 4. To provide volunteer services to organizations and projects mentioned in Section 1.

While the above may be well-intentioned, few are within the parameters of section 501(c)(3) of the Code.

Your detains in the sear of your activities may be educational, they are of the percent activities general towards serving the private benefit of the members and thus falls short of supporting exemption under section below. On the internal becomes Code.

Bases on the information provided, it is concluded that you are not organized and operat describing for charitable, educational or other appropriate and that you do not qualify for recognition of examption and the providence of examption of examption of examption and the providence of the internal Revenue.

Some of the second organization are not deductible under the second of the federal income tax

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If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in deplicate a brief of the facts, law, and altument that objectly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The inclosed Fublication 892 gives instructions for filing a protest.

if you do not file a protest with this office within 30 days of the date of this report or latter, this proposed determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered by the internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Fevenue wode provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the Lintvict of Columbia determines that the organization involved has exhcust to administrative remedies available to it within the internal Revenue hervice."

the appropriate binte Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an expenization of the type described in Code section 501(c)(3).

if you agree with these conclusions of do not wish to file a written protest, please sign and return form 601% in the enclosed self-addressed ervelope as coon as possible.

if you have any further questions, please contact the person whose name and relephone number are shown at the beginning of this letter.

Sincerely yours,

District Director